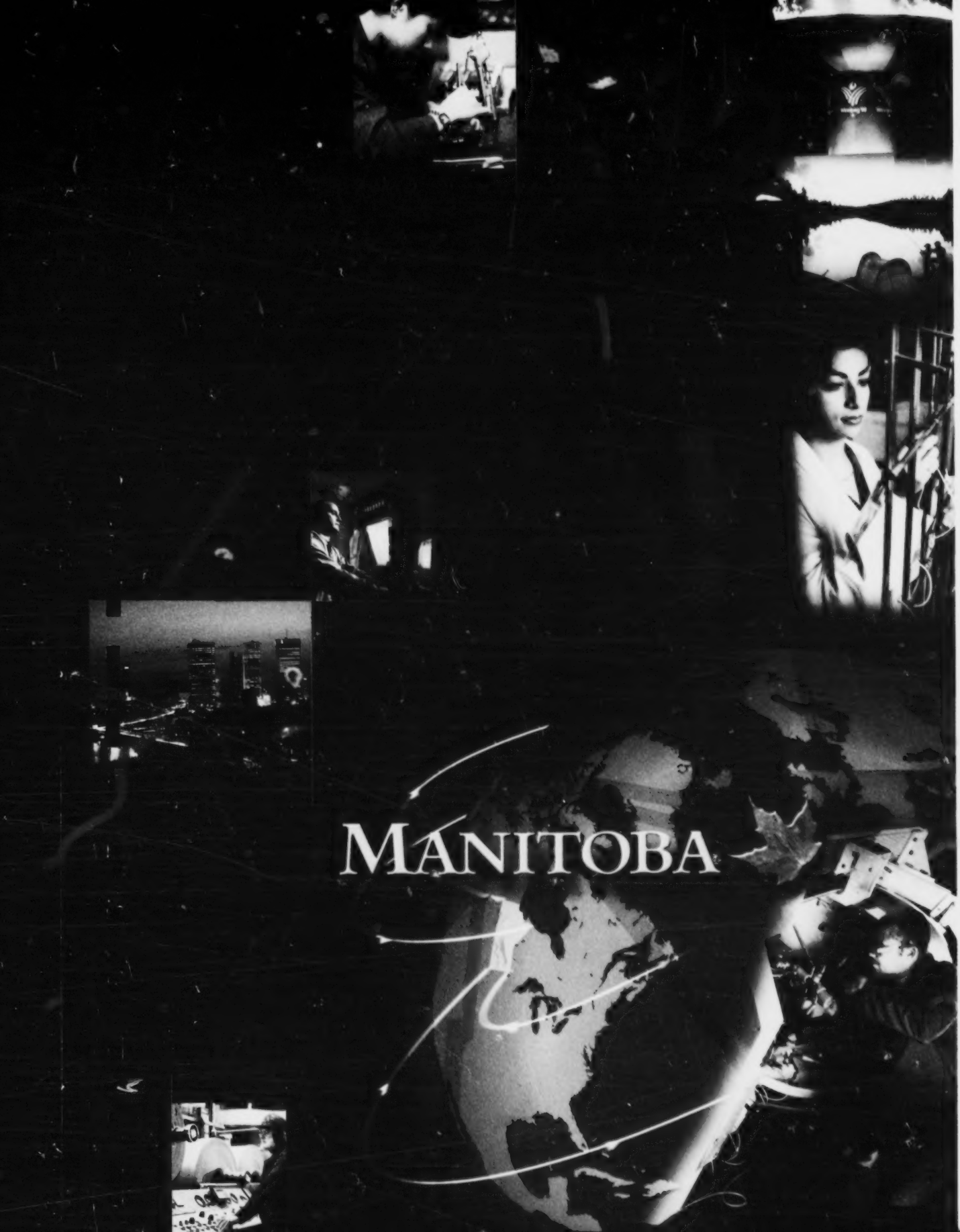
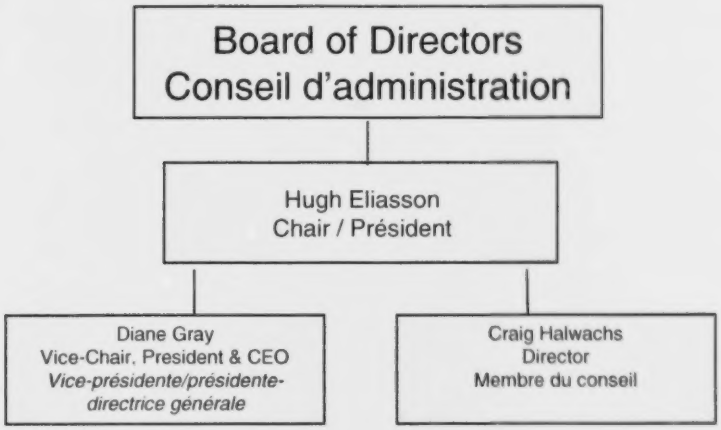


MANITOBA
TRADE AN
INVESTME

MANITOBA TRADE AND INVESTMENT CORPORATION
ANNUAL REPORT 2005/06

SOCIETE DU COMMERCE
ET DE L'INVESTISSEMENT DU MANITOBA
RAPPORT ANNUEL 2005/06



The Manitoba Trade and Investment Corporation (MTIC) is a provincial agency of the Department of Intergovernmental Affairs and Trade. As an administrative mechanism, the Corporation supports the economic priority of building the Manitoba economy through increased exports and industry investment. The Corporation facilitates cost-sharing partnerships for specific projects and provides administrative support for missions by collecting revenues and paying related expenditures.

Canada-Manitoba Memorandum of Understanding for International Business Development
Economic development is a co-operative effort, and MTIC encourages and facilitates co-operation with other provincial, federal and civic economic development agencies. A key example is the high level of co-operation between the Province and the federal government arising from a Memorandum of Understanding (MOU) to promote international business development.

MTIC acts as the coordinator of the MOU on behalf of the partners. It provides a part-time Coordinator and manages the cost-sharing of MOU projects.

Exporter Development – International Trade Development concentrates on new exporter development and trade promotion for a two-fold purpose – to increase the number of Manitoba companies that are active exporters and to increase their market diversification. MTIC's role is to provide a project cost-sharing mechanism among Manitoba firms and government entities.

La Société du commerce et de l'investissement du Manitoba est un organisme provincial qui relève du ministère des Affaires intergouvernementales et du Commerce. En tant que mécanisme administratif, la Société soutient la priorité économique d'agrandir l'économie du Manitoba par l'augmentation des exportations et des investissements dans les industries manitobaines. La Société facilite les partenariats financiers pour des projets précis et offre un soutien administratif pour les missions d'affaires par le recouvrement des recettes et du paiement des dépenses liées aux projets.

Protocole d'entente Canada-Manitoba concernant le développement du commerce international – Le développement économique étant véritablement un effort de co-opération, la Société du commerce et de l'investissement du Manitoba encourage et facilite la co-opération avec d'autres organismes provinciaux, fédéraux et municipaux de développement économique. À titre d'exemple, mentionnons le niveau élevé de co-opération entre la province et le gouvernement fédéral dans le cadre d'un protocole d'entente (PE) visant à promouvoir le développement commercial international.

La Société assure la coordination du PE, au nom des partenaires. Elle fournit un coordinateur à temps partiel et gère le partage des frais des projets du PE.

Développement des marchés d'exportation – Le développement du commerce international est axé sur le développement de nouveaux marchés d'exportation et la promotion du commerce afin d'augmenter le nombre d'entreprises manitobaines qui exportent activement et d'accroître la diversification de leurs marchés. Le rôle de la Société consiste à fournier un mécanisme de répartition des coûts des projets parmi les entreprises et les organismes gouvernementaux du Manitoba.

MINISTER OF
INTERGOVERNMENTAL AFFAIRS AND TRADE

Room 301
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8
General Office: (204) 945-3788
Fax: (204) 945-1383

June 28, 2006

The Honourable John Harvard, P.C., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg MB R3C 0V8

Your Honour:

I am pleased to present the Annual Report for Manitoba Trade and Investment Corporation for the fiscal year ending March 31, 2006.

Respectfully submitted,

Scott Smith
Minister

MINISTER OF
INTERGOVERNMENTAL AFFAIRS AND TRADE

Room 301
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8
General Office: (204) 945-3788
Fax: (204) 945-1383

Le 28 juin 2006

L'honorable John Harvard
Lieutenant-gouverneur du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba) R3C 0V8

Monsieur le Lieutenant-gouverneur:

J'ai le plaisir de présenter à Votre Honneur le rapport annuel de la Société du commerce et de l'investissement du Manitoba pour l'exercice se terminant le 31 mars 2006.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre,

Scott Smith

MANITOBA
TRADE AND
INVESTMENT
CORPORATION

1100 - 259 Portage Avenue
Winnipeg, MB CANADA
R3B 3P4

Phone (204) 945-2466
Fax (204) 957-1793

June 27, 2006

Honourable Scott Smith
Minister of Intergovernmental Affairs and Trade
Room 301 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

It is our pleasure to submit the Annual Report of the Manitoba Trade and Investment Corporation for the fiscal year ended March 31, 2006, as required by Section 15 of the Manitoba Trade and Investment Corporation Act.

Respectfully submitted,

Hugh Eliasson
Chair

Diane Gray
President

MANITOBA
TRADE AND
INVESTMENT
CORPORATION

1100 - 259 Portage Avenue
Winnipeg, MB CANADA
R3B 3P4

Phone (204) 945-2466
Fax (204) 957-1793

Le 27 juin 2006

Monsieur Scott Smith
Ministre des Affaires intergouvernementales et Ministre responsable du Commerce
Palais législatif, bureau 301
Winnipeg (Manitoba) R3C 0V8

Monsieur le ministre:

Nous avons le plaisir de vous présenter le rapport annuel de la Société du commerce et de l'investissement du Manitoba pour l'exercice qui s'est terminé le 31 mars 2006, tel que le stipule l'article 15 de la *Loi sur la Société du commerce et de l'investissement du Manitoba*.

C'est avec respect, Monsieur le ministre, que nous vous soumettons ce document.

Le président,

Hugh Eliasson

La présidente,

Diane Gray

Manitoba Trade and Investment Corporation

Financial Statements

March 31, 2006

MANITOBA
TRADE AND
INVESTMENT
CORPORATION

1100 - 259 Portage Avenue
Winnipeg, MB CANADA
R3B 3P4

Phone (204) 945-2466
Fax (204) 957-1793

May 16, 2006

THE MANITOBA TRADE AND INVESTMENT CORPORATION
MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles.

To fulfil this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions and that appropriate policies are established and respected.

The statements are examined by the Auditor General of the Province of Manitoba, whose opinion is included herein. The Auditor General has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting to the Board.

Hugh Eliasson
Chair

Brian Johnston, CA
Financial Officer

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Trade and Investment Corporation

We have audited the balance sheet of the Manitoba Trade and Investment Corporation as at March 31, 2006 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Manitoba Trade and Investment Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
May 16, 2006

MANITOBA TRADE AND INVESTMENT CORPORATION
BALANCE SHEET
MARCH 31, 2006
(With Comparative Figures for 2005)

	2006	2005
ASSETS	$	$
Current Assets:		
Cash	$ 282,836	$ 345,945
Short-term investments (Note 3)	500,000	1,027,715
Accounts Receivable - Trade	22,767	14,548
Accounts Receivable - Province of Manitoba	-	35,901
Accrued Interest - Province of Manitoba	-	81,742
Total Current Assets	805,603	1,505,851
Trust Assets:		
Provincial Nominee Program - Trust Funds (Note 4)	$ -	$ 22,335,907
Total Trust Assets	-	22,335,907
TOTAL ASSETS	$ 805,603	$ 23,841,758
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$ 32,894	$ 100,754
Accounts Payable - Province of Manitoba	2,281	-
Deferred Revenue (Note 5)	-	1,360
Operating Advance Payable (Note 6)	500,000	500,000
Total Current Liabilities	535,175	602,114
Trust Liabilities:		
Provincial Nominee Program - Trust Fund (Note 4)	$ -	$ 22,335,907
Total Trust Liabilities	-	22,335,907
TOTAL LIABILITIES	$ 535,175	$ 22,938,021
RETAINED EARNINGS	270,428	903,737
TOTAL LIABILITIES AND RETAINED EARNINGS	$ 805,603	$ 23,841,758

See accompanying notes to financial statements.

Approved by:

Chair of the Board

Financial Officer

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2006
(With Comparative Figures for 2005)

	2006 $	2005 $
Revenue:		
Contract Fees Recoveries (Note 7)	$ 384,194	$ 518,200
Participation Fees - Province of Manitoba and Government Enterprises (Notes 2 and 7)	86,771	2,401
Participation Fees - Other (Note 2)	41,961	160,499
Interest (Notes 4 and 7)	13,517	465,420
Administration Fees	2,601	3,827
Provincial Nominee Program for Business - Defaults (Note 4)	-	300,000
Total Income	529,044	1,450,347
Expenses:		
Contract Fees - Trade	393,490	752,579
Program (Note 2)	119,704	280,158
Audit Fees	8,500	11,050
Administration Expenses	2,601	3,827
Miscellaneous	-	365
Total Expenses	524,295	1,047,979
Net Income for the Year	4,749	402,368
Retained Earnings, beginning of year as originally stated	914,351	501,369
Less: Restatement of Prior Period (Note 10)	(10,614)	-
Retained Earnings, beginning of year as restated	903,737	501,369
Less: Transfer of PNPB to Manitoba Development Corporation (Note 4)	(638,058)	-
Retained Earnings, end of year	$ 270,428	$ 903,737

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2006
(With Comparative Figures for 2005)

	2006 $	2005 $
Operating Activities:		
Net Income for the year	$ 4,749	$ 402,368
Changes in non-cash working capital		
Accounts Receivable - Trade	(8,219)	(14,548)
Accounts Receivable - Province of Manitoba	35,901	9,754
Accrued Interest - Province of Manitoba	81,742	(57,842)
Accounts Payable and Accrued Liabilities	(67,860)	(11,212)
Accounts Payable - Province of Manitoba	2,281	-
Deferred Revenue	(1,360)	(6,648)
Net cash flow from (to) operating activities	47,234	321,872
Investing Activities:		
Investment in short-term investments	$ -	$ -
Net cash flow from (to) investing activities	-	-
Net increase (decrease) in cash and cash equivalents	47,234	321,872
Cash and cash equivalents, beginning of year	873,660	551,788
Less: Transfer of PNPB to Manitoba Development Corporation	(638,058)	-
Cash and cash equivalents, end of year	$ 282,836	$ 873,660
Cash and cash equivalents reconciliation:		
Cash	$ 282,836	$ 345,945
Short-term investments	500,000	1,027,715
Short-term investments, term to maturity greater then 90 days	(500,000)	(500,000)
	282,836	873,660

See accompanying notes to financial statements.

1. Nature of Operations and Economic Dependence

The Manitoba Trade and Investment Corporation (the Corporation) was formed by an Act of Legislation in 1974. The objects of the Corporation, as set out in the Act, are to:

- encourage, promote, develop and increase Manitoba exports and trade;
- promote investment in Manitoba; and
- promote international business opportunities for Manitoba businesses and assist Manitoba businesses in promoting those business opportunities.

The Corporation is economically dependent on the Province of Manitoba as all project shortfalls and deficits incurred by the Corporation are recovered from the Province.

2. Significant Accounting Policies

a. Basis of Accounting

The Corporation's financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

b. Participation Fees and Program Expenses

Participation Fees and Program Expenditures are recognized as revenue or expense in the same period that the shows, seminars and projects sponsored by the Corporation are actually held. Fees received in advance of event days are reflected as deferred revenue.

c. Contributed Services

During the year, the Province of Manitoba provided office space and other administrative services to the Corporation at nil cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

d. Use of Estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

3. Short–term investments

Short-term investments are carried at cost which approximates market. Funds available for investment are invested with the Province of Manitoba.

4. Transfer of Provincial Nominee Program – Business to Manitoba Development Corporation

The Corporation and the Manitoba Departments of Industry, Economic Development and Mines, and Labour and Immigration operated a program known as the Provincial Nominee Program for Business, which offers individuals who wish to immigrate to the Province of Manitoba to establish and operate a business the opportunity to obtain a nominee certificate.

During the 2003 fiscal year, the Corporation first entered into agreements with qualified immigrants whereby the immigrants committed to invest specified amounts to establish approved

businesses in Manitoba within specified periods of time. As evidence of their commitments, the immigrants were required to deposit $75,000 (formerly $50,000) with the Corporation. These deposits were held in trust by the Corporation and were refundable to the immigrants based on the satisfaction of the conditions set out in the agreements. The final decision as to admission to Canada for permanent residence was made by the Government of Canada. In the event that nominees were not granted permanent residency visas by the Government of Canada, the Corporation refunded the deposits. The Corporation invested the deposits, retained all interest income earned on the deposits and, when immigrants failed to satisfy the conditions of the agreements, the Corporation had the right, under the agreements, to retain the deposits.

On March 15, 2005 the Province of Manitoba authorized the transfer of the financial administration of the Provincial Nominee Program for Business from the Corporation to the Manitoba Development Corporation (MDC) effective April 1, 2005. Related assets of $23,033,926, liabilities of $22,395,868 and retained earnings of $638,058 were transferred from the Corporation to MDC.

For the year ended March 31, 2005 revenue related to the Provincial Nominee Program for Business was $1,037,428 of the total income of $1,450,347. Expenses related to the Provincial Nominee Program for Business were $658,616 of the total expenses of $1,047,979.

At March 31, 2006, deposits held in trust under the Provincial Nominee Program for Business and invested with the Province of Manitoba totaled $ nil (2005 - $22,335,907). Interest earned on these deposits during the year and retained by the Corporation totaled $ nil (2005 - $455,670). Deposits retained during the year and included in revenue totaled $ nil (2005 - $300,000).

5. Deferred Revenue

Deferred revenue represents fees received in advance of event days for specific trade projects. Changes in the deferred balance are as follows:

	2006 $	2005 $
Balance, beginning of year	1,360	8,008
Less amount recognized as revenue in the year	(1,360)	(6,648)
Add amounts received and deferred during the year	-	-
Balance, end of year	0	1,360

6. Operating Advance Payable

The Corporation has a $500,000 non-interest bearing working capital advance from the Province of Manitoba. It is payable on demand.

7. Related Party Transactions

The Corporation is related in terms of common ownership to all departments, Crown organizations and government enterprises created by the Province of Manitoba. The Corporation enters into transactions with these entities in the normal course of business and records these transactions at the exchange amount, which is the amount agreed upon by both parties.

During the year, the Corporation's transactions with related entities were as follows:

Contract Fee Recoveries	$384,194
Participation Fees	$86,771
Interest Revenue	$13,517

8. Financial Instruments

The carrying amounts of current assets and liabilities are a reasonable estimate of their fair value because of the short-term maturity of these instruments.

9. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

10. Restatement of Prior Period

During the year it was determined that Contract Fee Recoveries were recorded in the prior year with respect to contract fees incurred that were not recoverable. The correction was accounted for retroactively with a restatement of the prior period. As a result, net income and retained earnings has decreased by $10,614 and Accounts Receivable – Province of Manitoba has decreased by $10,614 as at March 31, 2005.

MANITOBA
TRADE AND
INVESTMENT

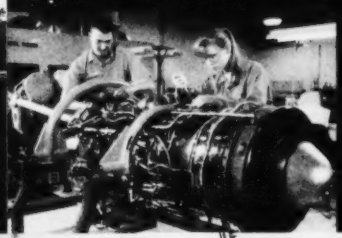
Manitoba Trade and Investment Corporation thanks our many friends and partners throughout Canada and the world for their help and encouragement in 2005/06. We look forward to continuing good relations in the coming year.

Nous remercions tous nos partenaires pour leur assistance et encouragement en 2005/06.

MANITOBA
TRADE AND
INVESTMENT

1100 - 259 Portage Avenue
Winnipeg, Manitoba, Canada
R3B 3P4
Telephone: (204) 945-2466
Fax: (204) 957-1793
E-Mail: mbtrade@gov.mb.ca
www.manitoba-canada.com
Toll Free Canada and U.S.
1-800-529-9981

Manitoba



Printed in Canada